

## DEPARTMENT OF HEALTH SERVICES

714/744 P Street

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October 8, 1996

PPL No. 96-026

To All County Medi-Cal Administrative Activities (MAA)/  
Targeted Case Management (TCM) Coordinators and  
Advisory Committee Members

### REVIEW OF TARGETED CASE MANAGEMENT COST REPORTS

The purpose of this transmittal is to remind Local Governmental Agencies (LGA) participating in the Targeted Case Management (TCM) program that the fiscal year (FY) 1995-96 cost reports which will be used to establish your TCM encounter rate for FY 1996-97 must be submitted to the Department of Health Services (DHS) by November 1, 1996. If the TCM cost report is mailed to DHS, the package must be postmarked by November 1, 1996. This cost report submission requirement is pursuant to Section 51535.7(a), Title 22 of the California Code of Regulations. DHS shall not grant an extension on this matter.

To facilitate the timely DHS review and acceptance of your TCM cost report, please note the following errors and omissions identified during the DHS review of several FY 1994-95 TCM cost reports:

- A certification statement must be submitted with each TCM cost report. The certification statement must be signed and dated by an appropriate LGA representative, such as the Chief Financial Officer or TCM Program Administrator.
- A Working Trial Balance and General Ledger must be submitted to DHS, and must reconcile with the costs contained in the TCM cost report. To expedite the DHS review process, it is recommended that each LGA clearly highlight the specific cost information from the Working Trial Balance or General Ledger to support the data in the TCM cost report.
- A copy of the LGA Board Approved Final Budget for the current fiscal year, including actual expenses for the prior fiscal year.
- A copy of the LGA organizational chart identifying the LGA and the reporting relationship with the organizational units providing TCM services.

- The header of each TCM cost report page must identify the correct fiscal period. The TCM cost report used to establish the FY 1996-97 TCM encounter rate must reflect the fiscal period July 1, 1995 to June 30, 1996.
- Working papers supporting all adjustments to the TCM cost report must be submitted to DHS, i.e., revenue adjustments (Worksheet B), reclassification of costs based on time survey results (Worksheet C), known cost increases (Worksheet C), and adjustment to expenses (Worksheet D). Please refer to Policy and Procedure Letter No. 96-012 for an illustration of working papers to support the reclassification of costs based on time survey results (Schedules 1.0, 1.1 and 1.2 of the TCM cost report example). Working papers must also disclose the methodology used by the LGA to report applicable contractor costs on Worksheet A, and known cost increases on Worksheet C.
- A copy of the contract provisions to support specific and/or non-specific contractor costs reported on Worksheet A, and known cost increases on Worksheet C should be submitted to DHS with the TCM cost report.
- The method and rationale for projecting Medi-Cal encounters for the current FY (column one, line twenty-one on Worksheet A) must be submitted to DHS with the TCM cost report. Projected Medi-Cal encounters for the current FY should be based on actual figures from the prior FY, as determined from the LGA encounter logs.
- The TCM cost report must be submitted to the:  
Patient Access Unit  
Medi-Cal Benefits Branch  
Department of Health Services  
714 P Street, Room 1640  
Sacramento, CA 95814.

Please refer to the TCM cost report instructions contained in Policy and Procedure Letter No. 96-012, and ensure the above information is disseminated to LGA staff responsible for the preparation and submission of the TCM cost report for FY 1995-96.

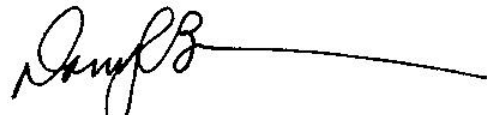
LGAs are also reminded that the TCM floppy disk with the TCM encounter data must be submitted by the LGA directly to the Federal Liaison Unit of the DHS. To avoid processing delays, LGAs should not submit the TCM floppy disk to the Patient Access Unit with the

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TCM cost report. Please refer to the TCM claims processing instructions contained in Policy and Procedure Letter No. 96-007.

If you have any questions regarding this matter, please contact the analyst assigned to your LGA.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darryl Nixon', with a long horizontal line extending to the right.

Darryl Nixon, Chief  
Medi-Cal Benefits Branch

Targeted Case Management:	X
Medi-Cal Administrative Activities	
Policy Effective Date: 7-1-96	
Policy Reference: PPL No. 96-015	

cc: Cathleen Gentry  
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